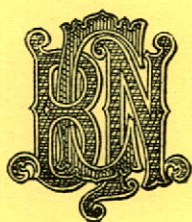


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BANQUE CANADIENNE NATIONALE



SEVENTIETH
ANNUAL REPORT
NOVEMBER 30, 1944

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BANQUE CANADIENNE NATIONALE

Established 1874

Head Office: MONTREAL

Paid-up Capital and Reserve Fund, \$12,000,000.00

Assets, \$299,483,040.68

SEVENTIETH
ANNUAL REPORT
1944

BANQUE CANADIENNE NATIONALE

BOARD OF DIRECTORS

BEAUDRY LEMAN, *President and Managing Director*

CHAS. LAURENDEAU, K.C., *Vice President*

HON. JACOB NICOL, *Vice President*

L. J. ADJUTOR AMYOT

J. M. DESSUREAULT

HON. C. P. BEAUBIEN

C. E. GRAVEL

ARMAND CHAPUT

A. J. MAJOR

AUGUSTE DESILETS, K.C.

LEO G. RYAN

HEAD OFFICE

CHAS. ST-PIERRE - - - - - *General Manager*

YVON LAMARRE }
HENRI DES RIVIÈRES } - - - - - *Assistant General Managers*

J. A. DULUDE - - - - - *Superintendent*

P. DE L. TACHÉ - - - - - *Manager, Credit Department*

ULRIC ROBERGE - - - - - *Chief Inspector*

A. COURTOIS - - - - - *Chief Accountant*

J. L. DAVIGNON - - - - - *Montreal District Manager*

LÉON LORRAIN - - - - - *General Secretary*

200 Branches — 315 Agencies

BANQUE CANADIENNE NATIONALE

SEVENTIETH ANNUAL GENERAL MEETING OF THE SHAREHOLDERS OF BANQUE CANADIENNE NATIONALE

Record of Proceedings at the Seventieth Annual General Meeting of the Shareholders held on Monday, 8th January, 1945, at twelve o'clock noon, at the Head Office of the Bank, Place d'Armes, Montreal, Canada.

Among those present were: Mr. L. J. Adjutor Amyot, Hon. C. P. Beaubien, Messrs Georges Beaudry, L. E. Beaulieu, K.C., Geo. E. Beaupré, Hubert Biermans, L. Bouthillier, J. H. Brodeur, H. Carrier, Jean Casgrain, Armand Chaput, Emile Chaput, Arthur Courtois, J. E. Coutu, Joseph Daoust, J. L. Davignon, J. V. Desaulniers, Auguste Desilets, K.C., Ovilda Desjardins, Henri desRivières, J. M. Dessureault, Dr Eudore Dubeau, Messrs P. E. Dufresne, J. A. Dulude, Francis Fauteux, K.C., Rosario Genest, K.C., A. Gérin-Lajoie, K.C., H. Gervais, J. N. Gosselin, C. E. Gravel, Hon. Henri Groulx, Messrs Paul Guimond, Joseph Hurtubise, J. Edouard Labelle, K.C., Horace Labrecque, J. E. Laforce, J. A. Lamarre, Yvon Lamarre, Charles Laurendeau, K.C., Godfroy Lauzon, Antoine L'Ecuyer, Beaudry Leman, Jules Lemire, Léon Lorrain, C. A. Lussier, A. J. Major, F. M. Marcotte, René Morin, n.p., Donald G. Munroe, Hon. Jacob Nicol, Messrs J. H. Ouellet, Alfred H. Paradis, Gérard Parizeau, Abias Pepin, Châteauguay Perrault, Mr. Justice Gustave Perrault, Hon. J. E. Perrault, Messrs J. Alex. Prud'homme, K.C., J. Aldéric Raymond, Ulric Roberge, Louis Rousseau, P. E. Rousseau, Leo G. Ryan, Rodrigue St-Onge, Charles St-Pierre, Henri Sauvé, Mr. Justice Edouard-Fabre Surveyer, Messrs Pierre de L. Taché, Eugène Tarte, Arthur Terroux, J. Charles Thivierge, L. Turcotte, Ludger Venne.

It was moved by Mr. Joseph Daoust, seconded by Mr. Eugène Tarte, that Mr. Beaudry Leman be appointed Chairman and Mr.

Léon Lorrain Secretary of the Meeting. The motion was unanimously carried.

The Secretary read: (1) Notice calling the Shareholders meeting, as published in the newspapers, (2) Certificates evidencing that the following documents had been forwarded to every shareholder, according to law: (a) Notice of the meeting, (b) A form of proxy, (c) Statement recording the attendance of the Directors at Board meetings, (d) Copy of the record of proceedings at the Annual General Meeting held on January 8, 1944.

The Record of proceedings at the sixty-ninth Annual General Meeting having been mailed to every shareholder, as evidenced by the certificate just read, it was moved by Mr. Justice Gustave Perrault, seconded by Mr. Arthur Terroux, and unanimously resolved that this record of proceedings be taken as read and confirmed.

On motion by Mr. A. H. Paradis, seconded by Mr. Francis Fauteux, it was unanimously resolved that Messrs Joseph Daoust and Joseph Hurtubise be appointed scrutineers.

The Chairman called upon the General Manager to read the Seventieth Annual Report of the Board of Directors.

SEVENTIETH ANNUAL REPORT

Gentlemen,

Your Directors have the honour to submit their report on the Bank's operations for the financial year ending November 30, 1944.

PROFIT AND LOSS ACCOUNT

30th NOVEMBER, 1944

Profits for the year ended 30th November, 1944 after making appropriations to Reserves for Contingencies out of which accounts full provision for bad and doubtful debts has been made.....		\$ 1,047,746.49
<i>Less:</i>		
Dominion Government taxes.....	\$ 306,719.92	
Contribution to Staff Pension Fund.....	120,000.00	
Written off Bank Premises.....	150,000.00	576,719.92
Net Profits after the foregoing deductions.....	\$	471,026.57
Dividends (quarterly) at the rate of 6% per annum.....		420,000.00
Amount carried forward.....	\$	51,026.57
Balance at credit of Profit and Loss Account, 30th November, 1943.....		310,470.38
Balance at credit of Profit and Loss Account, 30th November, 1944.....	\$	<u>361,496.95</u>

A. COURTOIS
Chief Accountant

C. ST-PIERRE
General Manager

BEAUDRY LEMAN
President

BALANCE SHEET

30th NOVEMBER, 1944

ASSETS

Subsidiary coin held in Canada.....	\$	948,417.93	
Notes of Bank of Canada.....		9,727,156.00	
Deposits with Bank of Canada.....		27,108,180.67	
Notes of and cheques on other banks.....		7,828,004.73	
Government and bank notes other than Canadian.....		90,353.15	
Deposits with and balances due by other chartered banks in Canada.....		2,515,696.13	
Due by banks and banking correspondents elsewhere than in Canada.....		2,013,065.98	\$ 50,230,874.59
Dominion Government direct and guaranteed securities maturing within two years, not exceeding market value..		89,061,510.60	
Other Dominion Government direct and guaranteed securities, not exceeding market value.....		47,942,164.61	
Provincial Government direct and guaranteed securities maturing within two years, not exceeding market value..		10,504,477.67	
Other Provincial Government direct and guaranteed securities, not exceeding market value.....		20,680,187.23	
Canadian municipal securities, not exceeding market value		10,364,706.69	
Public securities other than Canadian, not exceeding market value.....		575,690.78	
Other bonds, debentures and stocks, not exceeding market value.....		3,861,091.88	
		\$182,989,829.46	
Call and short (not exceeding thirty days) loans in Canada on stocks, debentures, bonds and other securities, of a sufficient marketable value to cover.....		4,305,294.02	187,295,123.48
			\$237,525,998.07
Current loans and discounts in Canada, estimated loss provided for.....		52,912,360.86	
Loans to Provincial Governments.....		655,474.00	
Loans to cities, towns, municipalities and school corporations.....		2,039,873.84	
Non-current loans, estimated loss provided for.....		23,137.03	55,630,845.73
Liabilities of customers under acceptances and letters of credit as per contra.....		296,144.82	
Real Estate other than Bank premises.....		570,009.48	
Mortgages on real estate sold by the Bank.....		727,750.02	
Deposit with the Minister of Finance for the security of note circulation.....		105,657.41	
Bank premises at not more than cost, less amounts written off.....		4,346,400.34	
Other assets.....		280,234.81	6,326,196.88
			<u>\$299,483,040.68</u>

LIABILITIES

Capital paid up.....	\$ 7,000,000.00	
Reserve fund.....	5,000,000.00	
Balance of Profit and Loss Account.....	361,496.95	
Dividends declared and unpaid (including dividend payable 1st December, 1944).....	111,315.92	\$ 12,472,812.87
Notes of the Bank in circulation.....		1,525,832.00
Deposits by and balances due to Dominion Government.....	39,351,223.79	
Deposits by and balances due to Provincial Governments.....	1,452,541.04	
Deposits by the public not bearing interest.....	64,202,491.36	
Deposits by the public bearing interest, including interest accrued to date of statement.....	178,101,024.57	
Deposits by and balances due to other chartered banks in Canada.....	1,171,722.33	
Deposits by and balances due to banks and banking corre- spondents elsewhere than in Canada.....	845,829.05	285,124,832.14
Acceptances and letters of credit outstanding.....		296,144.82
Other liabilities to the public.....		63,418.85
		<u>\$299,483,040.68</u>

AUDITORS' REPORT TO THE SHAREHOLDERS

We beg to report to the Shareholders of Banque Canadienne Nationale that we have checked the cash and verified the securities of the Bank at the Chief office as at 30th November, 1944, as well as at another time during the year, and found they agreed with the entries in the books in regard thereto.

We have examined the books and accounts at Head Office and have compared the above Balance Sheet with these books and with the certified returns from the branches. In our opinion, the Balance Sheet is properly drawn up so as to disclose the true condition of the Bank as at 30th November, 1944, according to the best of our information and the explanations given us, and is as shown by the books of the Bank.

We have obtained all the information and explanations required by us, and in our opinion the transactions of the Bank which have come under our notice have been within the powers of the Bank.

MAURICE CHARTRE, C.A.	} Auditors.
of Chartré, Samson, Beauvais, Gauthier & Cie	
A. BALLANTYNE, C.A.	
of Peat, Marwick, Mitchell & Co.	

Montreal, December 21, 1944.

BEAUDRY LEMAN
President

C. ST-PIERRE
General Manager

A. COURTOIS
Chief Accountant

Net profits, as disclosed by the Profit and Loss Account, are practically the same as last year; they amount to \$471,026 as compared with \$476,266. However, the Bank's contribution to the Staff Pension Fund was raised to \$120,000, an increase of \$40,000, and the amount allocated to the writing off of Bank premises was \$150,000, instead of \$125,000 in 1943. After provision of \$306,720 for Dominion Government taxes and payment of \$420,000 in dividends, a sum of \$51,026 was carried forward to the Profit and Loss Account which shows a credit balance of \$361,496 as against \$310,470 on November 30, 1943.

Total deposits reached a record figure of \$285,124,832, a rise of \$47,877,047 in the year. The number of depositors also increased substantially. Deposits by the public not bearing interest amount to \$64,202,491, higher by \$3,268,619, and deposits bearing interest total \$178,101,025, an increase of \$36,316,798. Government deposits aggregate \$40,803,765.

The notes of the Bank in circulation on November 30 last amounted to \$1,525,832, compared with \$2,138,467 on the same date of the previous year. In conformity with the Bank Act enacted by the Canadian Parliament in 1944, as of the first of January 1945 the Bank of Canada will alone be empowered to issue bank-notes. The chartered banks are no longer authorized to issue notes and, thirty days after the 1st. of January 1950, each bank will be called upon to remit to the Bank of Canada a sum equal to the amount of its notes then in circulation. Thereafter, the Bank of Canada will redeem the notes of the chartered banks, as they are presented. Obviously, the double liability of chartered banks shareholders, already reduced to 25%, will finally disappear.

Total assets of the Bank, showing an increase of \$47,303,307 during the year, stand at \$299,483,040, a new peak for this Bank. Cash assets rose from \$43,604,148 in 1943 to \$50,230,875 in 1944 and are equal to 17.52% of liabilities to the public. Quick assets, amounting to \$198,037,453 a year ago, now total \$237,525,998; they are the equivalent of 82.84% of liabilities to the public.

Current loans and discounts, higher by \$10,150,428, or 23.7%, aggregate \$52,912,361. This rise is due to an increase in the number of borrowing customers and also to the fact that trade and forestry operations have sought more bank credit.

The investments of the Bank, consisting in high grade, mostly short term, securities, appear at \$182,989,829, a record amount which represents a rise of \$31,785,902 in the year.

The growth of the Bank's business placed upon those members of the staff possessing experience a double task as, while attending to their own work, they were called upon to train new employees taken on to replace those who are serving with the colours. In spite of the many difficulties and complications inherent in present conditions and the additional work entailed by war legislation, our staff endeavoured to serve the Bank and its customers efficiently.

We wish to call the attention of the shareholders to the loyal service and cooperation of our officers and employees.

The Parliament of Canada undertook last year the seventh decennial revision of the Bank Act and renewed for a period of ten years the charters of the banks. The principal amendments to this Act, apart from the cancellation of the right of issuing bank-notes, as aforementioned, deal with the par value of bank shares, the maximum rate of interest, unclaimed balances and the provisions of section 88.

The par value of bank shares has been reduced from \$100 to \$10. The purpose of this amendment was to place within the reach of small investors a sound security. The maximum legal rate of interest on bank loans has been lowered from 7% to 6%. This measure will hardly bring any change in banking practice, as loans at the rate of 7% were few in number. Unclaimed balances which had been dormant for a period of ten years will be transferred henceforth to the Bank of Canada which will be liable for them to the rightful claimant.

Section 88, relating to loans to trade and industry, has been amended in order to make banking credit more readily available to farmers and fishermen. The banks will hereafter be authorized to lend money to farmers for the purchase of agricultural implements and electrical equipment on the security of these assets, whether movable or affixed, and they may also make advances under the new Farm Improvement Loans Act. The banks are empowered moreover to lend money to fishermen on the security of fishing vessels, equipment and supplies and on the product of the fisheries.

The Bank will welcome the opportunity, afforded by these new provisions, to cooperate in a larger measure with these classes of producers who play an important part in our national economy.

Whilst meeting the credit requirements of business enterprises, the Bank is always anxious to accommodate individuals who need temporary advances, whatever may be the amount.

THE PRESIDENT'S ADDRESS

Gentlemen,

Our General Manager, Mr. Charles St. Pierre, has commented on the results of last year's operations of this Bank pointing out that the Bank is in excellent condition.

Before moving the adoption of the Bank's financial statements, I wish to offer a few observations on general business conditions in our Country.

Outline of Economic Conditions

The past year has been a prosperous one for agriculture. The Dominion Bureau of Statistics places a figure of 1,319 millions of

dollars on the gross value of field crops. This amount exceeds that of the previous year by some 185 millions and is about 150 million dollars above that of 1942 which was a record year. The wheat crop is estimated to be worth 477 millions against 288 millions in 1943, its volume aggregating about 450 million bushels in comparison with 294 millions last year. In the United States, the wheat crop was larger than ever. In view of these bounteous harvests North America should be able to make up for the deficiencies in Australia and Argentine and to cope with foreign demand. Most of other field crops, as well as stock-farming, have brought satisfactory returns.

In general, economic activity has been slightly greater than during the previous year. Forestry operations have been on a larger scale. The building trades have been well patronized, their activities extending to dwellings, commercial buildings, mills and factories. Most branches of the manufacturing industry have been limited in their operations only by the scarcity of man-power and of raw materials and by the difficulty of securing equipment. The general trend of business has been well sustained and both wholesale and retail houses have shown steadily mounting sales.

Industrial production, however, has shown a slight regression in comparison with 1943. This contraction was felt mostly in mining operations where output has decreased, not only in the production of precious metals, but also in that of base metals such as copper, lead, zinc and nickel, as well as in other minerals such as asbestos and coal. This slackening in industrial activity was reflected on the index of employment for the month of October. Statistics indicated a recession which is all the more significant, being contrary to seasonal tendencies. For the first time since 1931 the index pointed downwards at this time of the year.

The foreign trade of Canada for the ten months terminating October 31, 1944, reached a record figure of 4,350 millions of dollars, this figure being exclusive of gold shipments. For the same period of 1943, the amount stood at 3,819 millions. From one year to the other, the value of imports passed from 1,440 to 1,490 millions, while exports expanded from 2,379 to 2,860 millions.

These figures are undoubtedly impressive, but call for certain reservations. It is estimated that nearly 75% of Canadian exports were made up of armaments, munitions and various other goods and products allocated to war purposes. It is evident that the aforementioned increases are of a temporary nature. Inasmuch as our export trade occupies an important place in our economy, we should not lose sight of the necessity of securing outlets for our surplus production, when peace is restored. The post-war world may differ materially from the world we knew before 1939. The maintenance of our international trade implies that we will have carefully surveyed the principal markets where we may buy and sell and that our commercial policy will be adapted to a new world-wide economy.

The Industrial Development Bank

The Industrial Development Bank, which the Government has lately established, will be of service to medium and small enterprises which could not afford to offer their securities to the public at large. This bank, however, will encounter the same difficulties that the Chartered Banks have to contend with. The burden of taxation is so heavy that borrowers, even when profits are realized, find themselves unable to repay, within a reasonable time, the capital which has been borrowed. If, contrariwise, no profits are made, both lender and borrower lose their money. To secure satisfactory results it would seem advisable to coordinate both the fiscal policy and the credit policy of the State in order that they be made to work in harmony. The paramount issue is to assist people in getting out of debt instead of encouraging them to assume obligations in the hope that, thereby, the revenues of the Government will be increased.

Cheap Money Policy

Canada, Great Britain and the United States, through their monetary agencies, are committed to a policy of low interest rates. It may well be that, under the circumstances, this is the best course to follow. On account of the vast financial requirements of Governments, this course may be not only desirable but imperative. However, for all practical purposes, low interest rates mean that the creditor is called upon to forego certain advantages in favour of the debtor. When the State is the largest borrower, low money rates are equivalent to an impost and are tantamount to a levy on the many forms of saving, such as life insurance, legacies, fixed interest bearing securities, etc. To ransom savings is to discourage thrift and the consequences are not slow to become manifest. Some, and possibly many, of our projected measures of social security are the inevitable outcome of burdensome taxes in the first place and of the shrinkage in the yield on accumulated capital, on savings.

The Bretton Woods Conference

The Bretton Woods Conference has taken a very commendable step to restore order in the chaos of world currencies, in order that international trade may be carried on and developed. In the final analysis, each and every country must have, to settle the balance of its international dealings, a sound currency. If a country has a debit balance, it must obtain a sufficient amount of the currency of its creditor to settle its accounts. If a country has a credit balance, its funds will be left in the debtor country only if the latter's currency is sound. The final purpose of clearing agencies or unions, however ingenious the mechanisms brought into play, is to arrive at a final settlement, in a stated currency. For example, however much we may develop our interimperial trade and however advantageous this trade may be, if Canada cannot, out of these exchanges, draw out a sufficient sum in U. S. dollars to cover its purchases in

and obligations to this country, our problem will not be solved. The whole question seems to revolve around the determination of the relative value of two or three "key currencies", gold remaining throughout the world the "master-key" currency. Fortunately, Canada holds ample reserves of unmined gold which doubtless will be brought to the surface on a vast scale after the war. The pound sterling will be the key currency in Europe and throughout the British Empire, but the Canadian dollar must of necessity remain closely related to the United States dollar. Both our commercial and our monetary policies must take this situation into account.

Great Britain is now short of Canadian dollars and this condition has a bearing on certain branches of our national production. Out and out contributions, and various forms of mutual aid, have partially made up this shortage, but it must be realized that, by the end of the year, the accounts between Canada and Great Britain will be out of balance. This problem concerns not only Great Britain but the Commonwealth of British nations. Great Britain seems lukewarm to avail itself of credit facilities, on a short or long term basis, under the provisions of the Canadian Export Credit Act; on the other hand, Canadian industry looks askance on the counter-proposal which would entail a substantial increase in the importation of British goods.

The Bretton Woods Conference has sought to find a compromise between the restrictive influence on international trade of a strict application of the gold standard and the uncertainties attaching to all forms of export, should the currencies of the various countries be solely dependent upon the whim of governments. It may be timely to recall the remarks of Professor Kemmerer, an eminent economist and financial adviser to several governments, as follows:—

"The monetary system, if it is to be kept simple, to function efficiently and not at cross-purposes, should be kept free of extraneous matters, either of a fiscal or social reform nature. The chief functions of money are to provide the public with a common measure of value and with efficient and stable media of exchange. All too often monetary systems have been wrecked on the rocks of fiscal opportunism."

The conclusions and recommendations of the Bretton Woods Conference have not received unanimous commendation in Great Britain and in the United States. Severe criticisms have been levelled, by competent authorities, at the International Monetary Fund and at the functions of an International Bank for Reconstruction and Rehabilitation. It should be acknowledged that monetary rules and regulations are the framework wherein must be placed wares, wealth, production and the output of assiduous toil. Tokens of goodwill and the most subtle drafting of texts are a poor substitute for goods which must remain the cornerstone of all credit structures. The proposals discussed at Bretton Woods will doubtless be modified according to circumstances. The laws of the Medes and Persians

belong to another age and rigid rules are well nigh impossible to apply to a world in process of evolution and undergoing a great trial.

Cartels

Much like those who had forgotten nothing and learned nothing, the Bourbons of to-day may become aware, ere long, that public opinion is alive to certain trade restrictions. Many people will want to know what justifies the organization of international cartels covering tin, rubber, dye-stuffs, petroleum, glass, glass-ware, coffee, fruits, etc., with no counterpart in the form of understandings covering wheat, cheese, butter, eggs, paper, lumber, minerals and other commodities.

Are Canadian products destined to be sold at world-wide competitive prices whilst most of the goods which Canada must buy are to be purchased at concerted or cartelized prices? Those who are called upon to direct or supervise international trade will have to give these matters their closest and most realistic attention.

The National Revenue

Post-war projects, notably those pertaining to social security, if based on present figures of national income, are very apt to miscarry. The large figures at which the national income is expressed is due to abnormal circumstances. The exigencies of the war are conducive to the maintenance of a high level of economic activity. The products of agriculture and of stock raising, of the forests, mines, and of most branches of manufacturing industry readily find a wide outlet at non competitive and satisfactory prices. However, armaments, munitions and war supplies give no assurance of future prosperity as they cannot be considered an asset, nor a capital value, nor wealth. What matters is not so much the figures used to represent the national income, which figures may be more or less artificial, as the stability, within reasonable limits, of the purchasing power of the Canadian dollar. Mr. Paul Béique, civil engineer, published in the bulletin of the "Chambre de Commerce de Montréal", a graph illustrating the fluctuations of the national currency in relation to the federal index of wholesale prices. Taking 100 as the number representing the relation between the Canadian dollar and wholesale prices in 1913, this diagram indicates that, during the first world-war, the value of our dollar declined steadily, reaching a figure of 50 in 1918. The shrinkage continued until it reached 41 in 1920, evidencing the major inflation which took place after the Armistice. The purchasing power of our dollar rose to 65.3 in 1922, reaching 66.6 in 1929 without showing any great variation during this period of recovery. During the depression which started in 1929, the commodity value of our dollar reached 73.7 in 1930 and a maximum of 95.4 in 1932-33, in the depth of the depression. As economic conditions showed some betterment during the following years, the value of the dollar gradually lessened, being 89.1 in 1934 and 75.6 in 1937. The graph indicates that during the two years

immediately preceding the present war, a rise occurred, the figure being 81.4 in 1938 and 84.6 in 1939. Since 1940, save for a slight increase in 1941, the regression has been steady, the figure for 1943 standing at 64.1. Between 1939 and 1943, the Canadian dollar has lost over 24% of its purchasing power and it may be assumed that had it not been for rationing and price controls the contraction would have been still larger.

When stating that the national income has grown from 4,862 millions of dollars in 1939 to about 9,000 millions in 1944, there is a risk of being misunderstood by persons who do not interpret these figures. These two amounts, even if approximately correct, are not strictly comparable, as they are expressed in money of a different value.

Social Security

Post-war programmes have mostly been confined in our country to the study of social security plans. At times, one might be inclined to think that we are seeking to make of this country an immense alms-house. The real issue is quite different and the real problem is not one of doling out relief but of co-ordinating our economy to world-wide conditions. Canada is a young country, well provided with natural resources, already equipped for industrial production and settled by a people who do not shirk toil and effort. Needless to add that, after the war as before, some people will be in need of assistance and relief, but tomorrow as yesterday, public bodies and private charity will face their duty towards the needy and the underprivileged. The fundamental question underlying social security, both in Canada and abroad, will not be answered by the redistribution or the partition of the modest amount of wealth which has been accumulated in the past and which has made possible the increase in our productive capacity. Social security and economic progress on which the former depends, can result only from increased production catering to the needs of our people. Social security does not lay dormant under cover of unemployment insurance, of pensions of all kinds, of government ownership, and of the crippling of private initiative. The problem is undoubtedly intricate and its solution a difficult one, but this does not provide sufficient reason to seek to conjure away the issue through vague promises or to substitute palliatives to tried, if unpalatable remedies. Public works, undertaken on a commensurate and reasonable scale, may be of assistance, but they would not suffice to provide work for available man-power. It will be necessary to encourage the development of agricultural pursuits, more particularly of mixed farming, and whilst seeking to preserve the manufacturing industries we already have, to endeavour to set up new industries adapted to the natural resources of this country and which might find locally and abroad markets for their products. To this end, it is necessary to leave in the hands of the public its instruments of toil, its capital, and to restrain the insatiable appetite of the tax-gatherers.

The scrutineers reported that 33,270 shares were present and 287,110 represented by proxy at the Meeting, a total of 320,380 shares.

It was moved by Mr. Beaudry Leman, seconded by Mr. Charles Laurendeau, and unanimously resolved, that the Seventieth Annual Report of the Board of Directors be approved by the Shareholders.

Mr. René Morin pointed out that the assets of the Bank, which were just a little over one million dollars in 1874, totalled about 300 millions in 1944. He referred to the progress achieved during the past year and moved, seconded by Mr. J. Aldéric Raymond, that the Shareholders extend their congratulations to the Directors for the excellent results disclosed by the financial statement for the year 1943-44.

The motion was unanimously carried.

The President thanked Messrs Morin and Raymond and the Shareholders for their commendation which the Directors highly appreciated. Unfortunately, added Mr. Leman, a note of sorrow marred our satisfaction at the progress achieved. As you all know, in the course of the past year, we have had to mourn the death of our distinguished colleague Sir George Garneau. Ever since the taking over of La Banque Nationale, Sir George Garneau had given us his whole-hearted support. I take this opportunity to again express, on behalf of the members of the Board, our deep sense of loss at the demise of our distinguished colleague.

Mr. L. E. Beaulieu moved, seconded by Mr. J. Edouard Labelle, that the thanks of the Shareholders be extended to the General Manager, the officers and the members of the staff of the Bank for their efficient service and loyal cooperation which have contributed in a large measure to the progress of the Bank.

The motion was unanimously adopted.

Mr. St-Pierre, in his name and on behalf of the members of the staff, thanked the movers of the resolution and the Shareholders. When Mr. Morin referred to the development of the Bank since its establishment, said Mr. St-Pierre, he could have mentioned that the assets have almost doubled in the last four years. The volume of the Bank's business has been larger than ever last year. The work involved merits the congratulations extended by the Shareholders to the members of the staff who constitute one of the principal assets of the Bank.

The Secretary read letters from Mr. Maurice Chartré, C.A., and from Mr. A. Ballantyne, C.A., offering their services to the Bank as auditors for the fiscal year 1944-45.

Upon motion of Mr. Alexandre Prud'homme, seconded by Mr. J. V. Desaulniers, it was unanimously resolved that Messrs Maurice Chartré, C.A., and A. Ballantyne, C.A., be appointed auditors, for the fiscal year ending November 30, 1945, and that their remunera-

tion be set at a total amount of \$10,000 to be divided between them according to the time devoted by each to the affairs of the Bank.

It was moved by Mr. Hubert Biermans, seconded by Mr. J. Edouard Labelle, and unanimously resolved: That Mr. Beaudry Leman and Mr. Charles Laurendeau be authorized, together or severally, to act as attorney or proxy of Banque Canadienne Nationale at any and all meetings of the shareholders of Banque Canadienne Nationale (France) and to delegate their powers, as such, to any person or persons which they may nominate.

Hon. Henri Groulx moved, seconded by Dr. Eudore Dubeau, that the meeting proceed to the election of Directors and that one ballot be cast evidencing the decision of the Meeting. This motion was unanimously carried.

A ballot was handed to the scrutineers who reported that the following Shareholders had been elected Directors of the Bank:

Mr. L. J. Adjutor Amyot
Hon. C. P. Beaubien
Mr. Armand Chaput
Mr. Auguste Desilets, K.C.
Mr. J. M. Dessureault
Mr. C. E. Gravel
Mr. Charles Laurendeau, K.C.
Mr. Beaudry Leman
Mr. A. J. Major
Hon. Jacob Nicol
Mr. Leo G. Ryan

The scrutineers' report was unanimously confirmed.

The secretary read an extract (translation) from the minutes of a meeting of the Board of Directors, held on 1st. December, 1944, as follows:

"In view of the amendments to the Bank Act adopted by the Canadian Parliament in 1944, the Board unanimously resolved to request the General Meeting of the Shareholders of the Bank to substitute the following text for Article IV of the Shareholders' By-laws: "Any shareholder of the Bank shall be eligible as a Director if, at the time of his election, he owns outright and holds in his own name at least one thousand fully paid-up shares of the capital stock of the Bank. Any Director who ceases to be qualified as above, or who has become insolvent, or who has compromised with his creditors, ipso facto forfeits any right to act as a Director. A Director is denied the right to act as private banker, to hold office in another chartered bank or to take part in the establishment of a bank."

In conformity with the resolution adopted by the Board of Directors of the Bank, on 1st December, 1944, which had just been

read, it was moved by Mr. Rosario Genest, seconded by Mr. J. Alderic Raymond, that Article IV of the Shareholders' By-laws be replaced by the following text: "Any shareholder of the Bank shall be eligible as a Director if, at the time of his election, he owns outright and holds in his own name at least one thousand fully paid-up shares of the capital stock of the Bank. Any Director who ceases to be qualified as above, or who has become insolvent, or who has compromised with his creditors, ipso facto forfeits any right to act as a Director. A Director is denied the right to act as private banker, to hold office in another chartered bank or to take part in the establishment of a bank."

The motion was unanimously adopted.

The Meeting then adjourned.

At a meeting of the Board of Directors of the Bank held immediately after the Annual Shareholders' Meeting, Mr. Beaudry Leman was elected President and Managing Director of the Bank and Mr. Charles Laurendeau and Hon. Jacob Nicol were elected Vice-Presidents.

CORRESPONDENTS OF THE BANK

CANADA

Bank of Montreal.

UNITED STATES

NEW-YORK:

Bankers Trust Co.
Chase National Bank.
National City Bank.
Irving Trust Company.
Guaranty Trust Company of New York.
New York Trust Company.
Public National Bank & Trust Co.

BOSTON:

First National Bank.
National Shawmut Bank.

BUFFALO:

Marine Trust Company.

CHICAGO:

Continental Illinois National Bank and Trust Co.

LOS ANGELES:

Security-First National Bank of Los Angeles.

PHILADELPHIA:

Philadelphia National Bank.

PITTSBURGH:

Mellon National Bank.

ST-PAUL:

First National Bank.

AFRICA

Barclays Bank (Dominion, Colonial and Overseas).

AUSTRALIA

Union Bank of Australia, Limited.
Comptoir National d'Escompte de Paris.

GREAT BRITAIN

LONDON:

Barclays Bank Limited.
Clydesdale Bank Limited.
Comptoir National d'Escompte de Paris.
Crédit Lyonnais.
Société Générale de Crédit Industriel et Commercial.

NEW ZEALAND

Bank of New Zealand.

SOUTH AMERICA

ARGENTINA:

First National Bank of Boston, Buenos Aires.

SPAIN

BARCELONA:

Banco Espanol de Crédito.

MADRID:

Crédit Lyonnais.

SWITZERLAND

BASLE:

Banque Commerciale de Bâle.

ZURICH:

Société de Banque Suisse.

WEST INDIES

Barclays Bank (Dominion, Colonial and Overseas).

